



Los Angeles County AUDIT COMMITTEE

Gerardo Pinedo, Chair
2nd District
Carl Gallucci, Vice-Chair
4th District
Louisa Ollague
1st District
Genie Chough
3rd District
Lori Glasgow
5th District

MINUTES
AUGUST 21, 2008

Chair Gerardo Pinedo called the meeting to order at 10:08 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Gerardo Pinedo, Second District
Louisa Ollague, First District
Genie Chough, Third District
Lori Glasgow, Fifth District

Excused Absence

Carl Gallucci, Fourth District

Others in Attendance

Wendy Watanabe, Auditor-Controller
Jim Schneiderman, Auditor-Controller
Don Chadwick, Auditor-Controller
Lee Millen, Board of Supervisors
Andrew Sevrin, Board of Supervisors
Joel Sappell, Third District
Lisa Mandel, Third District
Bob Valdez, Office of Affirmative Action Compliance
Bob Davis, Auditor-Controller
Glenn Shaw, Auditor-Controller
Luther Evans, Department of Social Services
Deondria Barajas, Department of Social Services
Robert Lee, Department of Social Services

APPROVAL OF JULY 17, 2008 MINUTES

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the minutes of July 17, 2008, were approved as submitted.

OTHER BUSINESS

DPSS Proposed Changes to County Payment Approval Process (Discussion by Auditor-Controller): Jim Schneiderman recapped last month's topic of discussion on the GAIN program and changes needed to keep the program organized. DPSS wants to hire more Department personnel to supervise the payment approval process. His office approved the idea with the proviso that they perform an audit 10 months later to ensure that funds are transmitted to the proper channels in accordance with the plan.

Louisa Ollague wanted the item continued to agenda after the audit. DPSS representatives Luther Evans and Deondria Barajas were asked to return in 8 months after the audit on the GAIN program is conducted. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved revisiting the item 8 months from the Audit Committee meeting date.**

OLD BUSINESS

Fiscal Review of the Sherman Group, Incorporated – A Group Home Foster Care Contractor (03/25/08): Louisa Ollague had a question about costs. Jim Schneiderman responded by saying that the Department of Children and Family Services have been asked for a progress report about collections, and are awaiting a response. Sherman Group Home is one of the agencies involved in the RFSQ (Request for Statement of Qualifications) controversy. Mr. Schneiderman's office is trying to get a hold of the Executive Director's office to put together a Corrective Action Plan, so at this time there is no resolution regarding this matter.

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.

Fiscal Review of Bourne, Incorporated – A Group Home Foster Care Contractor (05/22/08): Again, Mr. Schneiderman stated that this home was also involved in the RFSQ controversy. They are also awaiting a response regarding this home, as well. The first check the agency wrote for \$800 bounced, so Mr. Schneiderman's office will request cashier's checks from them. Louisa Ollague responded that since the target date is September 19, they can continue the item until the next meeting.

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.

REPORTS TO BE RECEIVED AND FILED

Revision to Board Policy 3.020 – Clean Fuel Program (07/17/08): **On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Board Policy Sunset Review – Policy No. 5.130 (05/08/08): Bob Valdez of the Office of Affirmative Action Compliance spoke to the Committee about the updating of the name of the Policy to "Contracting With Minority/Women/Disadvantaged/Disabled-Veteran-Owned Firms". The item also requests an extension on the Sunset Review date to April, 2013, and that the OAAC (rather than the CEO) is named as the responsible Department for the Policy.

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.

Sunset Review Board Policies 6.100 Thru 6.108 (06/12/08): **On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Status Report – Review of County Counsel Litigation Cost Management (06/23/08):

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.

Board Policy Sunset Review – Policy 9.050: Drug Free Workplace Program (06/23/08):

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.

H.S. Consortium of the East San Gabriel Valley Contract (dba) LA Works – A Community and Senior Services Workforce Investment Act Program Provider (06/30/08):

Wendy Watanabe said a letter has not yet been issued to LA Works. Don Chadwick said it's still under review, because LA Works hasn't been properly documenting the participant's program activities or their Individual Employment Plan. There have been conflicting responses from the State Department as to the funding being "allowable". There will be a report by the end of the month. Until the letter has been sent to LA Works the item cannot be filed. Ms. Watanabe said the Auditor-Controller's office is being questioned if the State does not comply with Los Angeles County's policies regarding contracts.

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.

Group Home Program Monitoring Report – Linden Center – Gardner House Group Home (7/14/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Deliann-Lucile Corporation – Delilu Achievement Home (07/16/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Report of Monies Owed To Third Parties – June 30, 2008 (07/22/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Antelope Valley Hope Foundation Contract Review – A Department of Health HIV/AIDS Preventive Care Service Provider (07/24/08): **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.**

Group Home Program Monitoring Report – Community Youth Sports & Arts Foundation (07/24/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Financial/Compliance Audits of 2006-07 State Grants (07/25/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Cedars-Sinai Medical Center Contract Review – A Department of Mental Health Service Provider (07/25/08): Don Chadwick reported Cedars-Sinai repaid \$800,000 to the Department of Mental Health (DMH). The Auditor-Controller has been training the DMH in how to draft effective contracts. Louisa Ollague asked Don Chadwick to report back after meeting with DMH. **On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.**

Group Home Program Monitoring Report – Phoenix House of Orange County Group Home (07/25/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – United American Indian Involvement Inc. – Ah-No-Ven Group Home (07/25/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Children's Group Home Ombudsman's Hotline Status Report – April 1 Through June 30, 2008 (07/25/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Vista Del Mar Children and Family Services – CK Emancipation and main Campus Group Homes (07/29/08): **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Wings of Refuge Foster Family Agency Contract Review – A Department of Children and Family Services Provider (08/04/08): Louisa Ollague asked what are the roles of DCFS auditors in comparison to Auditor-Controllers auditors? Shouldn't the Children's Social Worker (CSW) report problems with a Group Home before the Auditor-Controller reports them? Don Chadwick suggested a Quarterly Status Report of Audit Recommendations comparable to the report DCFS releases.

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.

Streetlights Contract Review- A Community and Senior Services Workforce Investment Act Program Provider (08/04/08): Don Chadwick reported that there were too many reports of poor service from clients. Streetlights' contract with Community and Senior Services (CSS) wasn't renewed after it expired on September 30, 2007; therefore they are no longer a contractor.

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.

PUBLIC COMMENT

There was none.

OTHER BUSINESS (Continued)

Countywide Contract Monitoring System (CCMS) (Discussion by Auditor-Controller): Bob Davis and Glenn Shaw from the Auditor-Controller spoke to the Committee about eCAPS and CCMS Contract Monitoring. Wendy Watanabe said the 1st District requested the Auditor-Controller for information about how much money can be taken for contracts not used. Upon investigation it was discovered there were weaknesses found in the Budget Report, so in order to clean up the budget data a Working Committee was organized in June 19, 2008.

Glenn Shaw said the Working Committee provided the Departments with spreadsheets so they can complete their program budget info, which was incomplete, i.e., CCMS didn't have end dates posted. The reason this happened was because when CCMS integrated with eCAPS the information was incorrect, but it has been updated now.

Bob Davis reported that CCMS eliminated data entry from eCAPS that was once processed. If CCMS didn't have end dates it could be found in eCAPS. Training documents and classes were provided to the Departments, but there were still recording problems. Departments were not putting in end dates or closing the contracts, so they've been getting alert reports and have been complying with them. The contract manual that has been posted on the eCAPS website has been a great help to the Departments. The completion date should be by the end of the year, after which CCMS will eventually be eliminated, because the data is redundant and it's considered to be a "shadow system" to eCAPS.

FAA/Group Home Fiscal Audits and Contract Monitoring – Questioned Costs (Discussion by Auditor-Controller): The Auditor-Controller has been following the DCFS schedule in auditing Group Home contractors, and some of them have been complaining. Don Chadwick proposed Group Homes should be audited twice a year by each agency. He said the FFAs haven't complained about audits at all. The number of auditors for Group Homes is 7 with the Auditor-Controller and 9 with DCFS.

DCFS conducted twice a year audits to comply with Performance Measures, but after a year it would taper to one Group Home visit a year. All five Districts agree that follow-up visits are important. Don Chadwick felt having DCFS Deputy Directors report to the Audit Committee all the time was not efficient.

Wendy Watanabe reported to the Committee that the Auditor-Controller has a fiscal responsibility to the Board of Supervisors. There is a new State regulation that will go into effect in November, which prompted County Counsel to advise the Auditor-Controller to issue audit reports until November. Now that their fiscal reports have been questioned, the CEO has told Lisa Nunez of the Auditor-Controller's office not to do them. Los Angeles is only one of two California counties that conduct Fiscal Audits.

The State Department doesn't have the staffing needed to monitor Group Homes/FFAs like the County does. Chair Pinedo stated auditing is important because the effectiveness of funding needs to be evaluated.

Don Chadwick added that Los Angeles County has a fiscal responsibility to review Group Homes/FFAs, and should take the lead even though the other California counties have no fiscal monitoring system. Lisa Mandel said she found fiscal audits were usually connected to program audits because it indicates deeper management issues with the Group Homes.

Domestic Partner Payroll Issue Follow-Up (Discussion by Auditor-Controller): Wendy Watanabe reported back in April, 2008 there was a payroll problem on domestic partners. The State issued a ruling that if you have a registered domestic partner your medical and dental premiums can be reduced. The payment process was implemented in 2004, and since then an error has been in the system where premium payments were coming up twice. A corrected W-2 was issued to help the employee. The dollar value was very small, because there are only 74 County employees that claim a domestic partner.

The County struck a proposal waiving the fines and penalties to the State Department. A letter was sent to EDD (State Department Employment Development) identifying how small the dollar amount is per employee and they will have to open up three years of files on taxes. The State tax amount on the 74 employees is \$21,000, which is a combination of the three year amounts owed. They have asked the State not to penalize the employees, and instead the Auditor-

Controller will reimburse them from the County budget since the amount is under \$100,000. Bob Davis said the County paid only one premium but under-reported what their State wages were. The liability in payment was automatically placed on the County and not on the employees.

Commissions Review (Status): A special meeting is to be arranged with Arroyo & Associates and agendized as a Closed Session. **On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee approved continuing this item to its September 18, 2008, Audit Committee meeting.**

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

Chair Pinedo proposed that the Audit Committee meet at 10:30 a.m. on September 18, 2008.

Jim Schneiderman reported the consulting firm Macias, Gini & O'Connell was not available for that day's meeting, but wanted to meet with a few Committee members individually. The Committee decided they would rather meet collectively with them than individually.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:07 p.m.